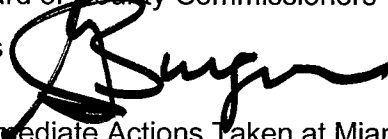


Memorandum



Date: August 14, 2006

To: Honorable Carlos Alvarez, Mayor
Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: Status Report – Immediate Actions Taken at Miami-Dade Housing Agency

The following is the first of a series of periodic updates regarding the immediate actions being taken at the Miami-Dade Housing Agency (MDHA). Separate reports on issues raised during individual meetings with you or via memoranda are being prepared and will be forwarded to you when finalized. I want you all to clearly understand some critical points:

- We were conducting our own management reviews, process evaluations, staff changes, and were initiating reforms prior to *The Miami Herald* series.
- I and my staff are deadly serious about making MDHA a model agency. Just fixing observed problems is not adequate. I see this as a real opportunity for radical reform.
- We must stay the course and work together, this issue is too important for our public.
- We will not stop until we have achieved every one of our goals.

In order to communicate the County's response regarding the issues at MDHA, staff met with representatives from the State and Federal legislative delegation on July 28, 2006 to address their concerns and provide information. I also had the opportunity to speak with the Secretary of the US Department of Housing and Urban Development (US HUD), Alphonso Jackson, regarding the County's response to aggressively rectify deficiencies at MDHA as well as Orlando Cabrera, US HUD Assistant Secretary. I met with all MDHA employees on July 27, 2006 at the Miami-Dade County Auditorium. The positive reaction of the employees made the event a success. We have many committed individuals who will be part of the solution to the challenges we face. I anticipate having another meeting with MDHA employees before the end of September.

MDHA and the South Florida Community Development Coalition will be holding two community meetings for citizens to voice their concerns regarding housing needs. These meetings will serve as an opportunity for staff to receive feedback from the community as we develop our recommendations for the Mayor and the Board. The first meeting will be held on August 15, 2006, 7:00 p.m., at the Joseph Caleb Center and the second meeting will be held on August 17, 2006, 7:00 p.m., at the South Dade Government Center.

Below is a summary of actions staff has taken thus far in key areas of MDHA.

Overall Management Assessment and Review

As mentioned in my July 18, 2006 memorandum to the Mayor and the Board on the Management Assistance Team's Preliminary Report, Senior Advisor Cynthia W. Curry has assumed the day-to-day operations of MDHA with the support of the Management Assistance Team until a new director is appointed. I have met with the search firm responsible for recruiting potential candidates, and the national search for a new director is well underway and expected to be complete before the end of 2006.

To date, seven senior management staff members have either resigned, been terminated, or are undergoing a disciplinary action review. Due to the removal of these key staff members, the local US HUD office has agreed to provide technical assistance. Jose Cintron and Elaine Furey are providing support to MDHA until the new director is appointed and key senior management positions are filled.

Infill Housing Initiative Program

Since the inception of the Infill Housing Initiative Program (IHIP) in 2001, 493 lots have been sold or conveyed, and a total of 129 homes have been built on those properties as of August 7, 2006. Upon review of this program in March 2006, it was revealed that records maintained at MDHA were incomplete and formal administrative procedures were non-existent. Therefore, on June 5, 2006, I transferred IHIP to General Services Administration (GSA), the County's real estate asset management department.

GSA and MDHA staff met with all IHIP developers to ascertain the status of infill lots and is aggressively working with the Office of Inspector General (OIG) to evaluate the status of each parcel within the program and reconcile records. Decisions regarding parcels will be made on a case by case basis, and any recommendation to have parcels revert to the County will be a part of our progress report to the Mayor and the Board. In addition, GSA staff is thoroughly reviewing the IHIP ordinance and developing a companion Administrative Order for Board consideration to incorporate formal administrative procedures and criteria for the transfer, monitoring, and development of parcels.

The OIG and Miami-Dade Police Department (MDPD) Public Corruption Unit continue to investigate aspects of this program. In addition, as I requested in April 2006, Audit and Management Services (AMS) is performing an audit of the MDHA Development Corporation. Staff continues to review the County's relationship with the MDHA Development Corporation and will report its findings and any recommendations in the report. Finally, we continue to work with the County Attorney's Office to take the appropriate legal action against certain developers. We will continue to keep you apprised.

HOPE VI

In August 2005, I asked key members of my staff to provide focused attention to the Homeownership Opportunities for People Everywhere (HOPE) VI Grant which was awarded to MDHA in August 1999. The purpose of this \$35 million federal grant, to be leveraged with local, state, and private funds, is to revitalize the Scott Homes and Carver Homes public housing sites for very low and low income families. Households residing at this site as of the date of the grant award were relocated. To date, 532 of the 850 units have been demolished, and demolition of 314 homes will begin in August 2006. The remaining four units are being evaluated for rehabilitation.

Based on the current construction schedule, Phase I, which includes 57 homes, will be built by Habitat for Humanity of Greater Miami by January 2008. A streamlined contracting process has been developed for Phase II of the HOPE VI project, which entails the development of all remaining 354 units. The solicitation for the design/build services for the housing units and all related infrastructure will be advertised in September 2006. The Management Assistance Team and MDHA staff continue to meet regularly with the local US HUD office to track the project's progress.

It should be noted that this project has been impacted by a variety of actions that were not completely in the County's control. These actions, which delayed the project by approximately three years, include:

- A class action lawsuit brought against the County by members of the community in an effort to halt the relocation of residents;
- Vacancy of the program director due to an administrative leave of absence and subsequent dismissal; and
- The cancellation of the agreement by the County with the Architect of Record.

The OIG continues to audit aspects of the Community and Support Services (CSS) component of the HOPE VI project, which is responsible for providing family self sufficiency programs to all former Scott/Carver residents. The HOPE VI Program Manager, HJ Russell, is charged with directly overseeing the CSS program. While the OIG's report is expected to be released in mid-August, we have learned that CSS program funds may not have been properly managed. Staff has begun an internal review of the program funds and will address the matter in the report to the Mayor and the Board.

Staff is also in the process of securing an independent auditor to review invoices and payments between 2002 and 2005 to the Black Business Association (BBA) in association with the certification of minority-owned contractors hired to perform beautification services for the HOPE VI project. This audit will include a review of the entire beautification program which has reported work on 503 homes in the HOPE VI Target Area along with assisting in the certification of 49 new Community Small Business Enterprises. The BBA provided work as a subcontractor to HJ Russell. Due to our concerns with the oversight of the CSS program and the beautification program, the County does not intend to continue to contract with HJ Russell. I have also requested that the County Attorney's Office assist with pursuing all necessary legal action.

Documentary Stamp Surtax Program

Effective July 25, 2006, the Documentary Stamp Surtax (Surtax) Program was transferred from the Development and Loan Administration Division of MDHA to the Finance Department.

Staff is undergoing a review of all open housing construction projects that have received either an allocation or a transfer of Surtax funds. Specifically, staff is: 1) reviewing the status for all current projects, anticipated completion dates, and documentation of any issues or circumstances impeding development; 2) reviewing the past performance of developers that currently have open projects; 3) performing a field audit of all open projects to be compared with the information currently contained in the project's records; and 4) requesting of the County Attorney's Office that corrective or legal action be taken where warranted. The review of open projects is anticipated to continue through the month of August. The Finance Department does not anticipate issuing further payments to a developer until it has completed the review of that developer's open contracts. However, priority will be given to reviews of developers that currently have pending requests to close on a mortgage or draw funds under an existing agreement.

Staff is evaluating the feasibility of conducting a bi-annual Request for Application (RFA) process to allocate Surtax funds to projects. Currently, the Board is presented with various individual resolutions to allocate Surtax funds to developers. Instead, staff proposes to establish a structured process to grant Surtax funds to developers only twice a year. In addition, the RFA cycle currently underway for 2007 Surtax funding will include a credit underwriting process to review any new funding recommendations.

Lastly, staff is reviewing the current responsibilities/duties of the Affordable Housing Advisory Board (AHAB). This advisory board currently reviews recommendations from staff for the use of Surtax funds, and forwards these recommendations to the Board to encourage the construction of affordable housing. Staff will review the past performance of AHAB to ensure that its objectives are being met. Any recommendations that will amend the role or responsibilities of the AHAB will be forwarded to the full Board for consideration.

Development of the Centralized MDHA Administration Building

On July 28, 2006, I advised that a mutually agreeable resolution was reached with Hometown Station Ltd. to recapture the \$5 million equity advance payment taken from the Surtax Program as part of the South Miami MDHA office space lease. The Surtax fund will be repaid the \$5 million plus interest within 14-months of revised lease agreement being approved by the Board. Though the site will still be developed, the County will no longer pursue that location as the future MDHA headquarters. Staff will consider other options for consolidating the department's administrative functions into a single building.

Section 8

In December 2005, the US HUD OIG published an audit of the County's Section 8 Housing Choice Voucher Program, which found that 117 of the 120 units sampled did not meet minimum housing quality standards (HQS). MDHA conducted follow-up inspections of the units, and Section 8 subsidy payments were not made to landlords of units that failed the subsequent inspection. Staff anticipated to "close out" and address all pending issues from this audit upon submission of the Board approved Section 8 Administrative Plan to US HUD.

Since the findings from the US HUD OIG audit, certain deficiencies have come to light and it is imperative that unit is adequately staffed. In order to maintain the quantity and quality of the inspections process, four inspector positions have been granted in the current fiscal year to achieve this goal. In addition, field inspectors, supervisors, quality control and assurance employees not previously certified by a nationally recognized training organization, received training by US HUD recommended HQS specialists and inspectors in May 2006.

In order to improve its customer service, the 3-1-1 Call Center will begin taking calls for the Private Rental Housing (PRH) Division of MDHA on October 9, 2006. This will assist in the routing of calls and call backs for scheduled appointments so that PRH staff can use their time more effectively to interview and process required documents.

Additional Information

Staff continues to evaluate MDHA's operations and programs, and additional findings will be reported with appropriate recommendations. We anticipate providing the Mayor and the Board with a 30-day progress report on September 11, 2006. This progress report will include a status on the Comprehensive Affordable Housing Strategies Alliance (CAHSA) Taskforce, a plan to implement Building Better Communities General Obligation Bond and other affordable housing program/projects, safety and security issues at public housing developments and as well as vacancy rates, the recruitment of the new director, and other administrative, technology, and budgetary issues.

Lastly, the Mayor and the Board of County Commissioners should be aware that due to an internal review of other US HUD funding sources such as the Community Development Block Grant

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(CDBG) and HOME Program funds over the last few months, a more in depth audit and program review will be undertaken.

If you have any questions or concerns, please contact Senior Advisor Cynthia W. Curry at 305-375-4126 or me directly.

c: Assistant County Managers
Members of the MDHA Management Assistance Team